

Specialty Metals Provisions of the 2007 NDAA

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About ITAA



Information Technology Association of America

- Leading IT Industry Association
- 325 Company Members
- Representing Full Spectrum of IT Industry
 - Hardware, Software, Services and More
- Providing Public Policy Advocacy and Business Development Programs

About ITAA Efforts on Specialty Metals



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- Traditionally applied to large specialty metals items
- DCMA reinterpreted the application with guidance in March 2006
- Included “electronics” in their application and began to flow requirements down the supply chain
- Intel and Texas Instruments both self report that their products are not compliant with specialty metals requirements. Intel adds that they will not change their global supply chain for DoD market.

Industry Coalition



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Congressional Action



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- Proposals introduced in House and Senate versions of the National Defense Authorization Act
- Industry Coalition advocated to adopt DoD endorsed language in Senate version
- Congress adopted a blend of the proposals, providing flexibility to DoD for guidance

Specialty Metals Are...



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- Steel alloys with:

- Manganese
- Silicon
- Copper
- Aluminum
- Chromium
- Cobalt
- Molybdenum
- Titanium
- Nickel
- Tungsten
- Vanadium

Specialty Metals Are...



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- Alloys with Nickel, Iron-Nickel or Cobalt
- Titanium or Titanium-alloys
- Zirconium or Zirconium-alloy

Language Adopted



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- Applies to:
 - Aircraft
 - Missile and space systems
 - Ships
 - Tank and automotive items
 - Weapons systems
 - Ammunition
 - Specialty Metal in Bulk or Raw Form

Language Adopted



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- Exceptions Provided:
 - Non-Availability (DNAD)
 - In support of deployed troops
 - Outside U.S.
 - Foreign Governments
 - Existing Agreements
 - MOU Nations
 - Small Purchases
 - Electronic Components
 - Commercial Items

Language Adopted



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- Prime contracts and subcontracts at any tier
- Repeal of Previous Provision
- One-time Waiver of Requirements
 - Allows for the acceptance of existing withholds
 - Allows for the exhaustion of existing inventories

Electronic Component Exception



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- Commercially Available
- De Minimis Content

DoD Implementation



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- All previous withholds removed with adoption of new law
- DPAP Memo on Class Deviation (Dec. 6, 2006)
- DPAP Memo on DNADs (Jan. 17, 2007)
- USD-ATL DNAD on Circuit Card Assemblies
- SAE's grant DNAD authority to DCMA

Pending Action



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- DFAR proposed rule
- Guidance on Commercial Items
- DNAD on fasteners
- OFPP Guidance on FAR Part 35 application
- DNAD's on other specialty metals items

Standards



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- Specialty Metals provisions impact standardization in two ways
 - Requires that items in the supply chain be compliant or have a DNAD or other exception
 - Many potential changes in supply chains for prime contractors
 - Outstanding guidance and DFAR means that full implementation is incomplete and unknown
- Industry would like to know what problems you anticipate with the new Specialty Metals provisions?

Questions/Contacts



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